Affordable Homeownership Pilot

Livable Communities Act
Local Housing Incentives Account (LHIA)
What will we cover today?

- Brief review of Local Housing Incentives Account (LHIA)
- Affordable Homeownership Pilot
- Share initial options for program design for feedback and discussion
- Discuss funding availability options
- Next steps
Local Housing Incentives Account (LHIA) Affordable Homeownership Pilot

Pilot priorities:

1. **Geographic choice**: Increase affordable homeownership options in parts of the region that are predominantly single-family and have higher than average median home values.

2. **Reducing racial disparities in homeownership**: Increase affordable homeownership opportunities focused on serving Black, Indigenous, and other ethnic groups that own homes at disproportionately lower rates than white households.
Program Design: Eligibility

• To be considered, projects would have to:
  • Have a dollar for dollar local match
  • Provide an affordable homeownership opportunity for a household earning 80% Area Median Income or less
  • Provide a minimum affordability term of 15 years
  • Must require Home Stretch or similar homeowner education for first-time homebuyers
Program Design: Eligibility

• All LCA participating cities are eligible to apply
• Pre-qualification factors would identify cities that would be automatically considered for funding
• Other cities would have to describe how their proposal addresses pilot priorities in a way that aligns with the way pre-qualified cities were determined
Pre-qualification factors: Geographic choice priority

Criteria
• Cities with a higher share of single-family homes than the regional average
AND
• Cities with a median home sale price more than $25,000 above the regional average

Profile
• 21 communities that are either current or anticipated LCA participants
• Most are Emerging Suburban Edge communities; the remainder are Suburban Edge (2), Suburban (5), or Rural Centers (2)
Pre-qualification factors: Racial equity priority

Criteria
• Cities near or above the regional share of Black and Indigenous residents and residents of color AND
• Cities with higher homeownership disparities across race than the regional average

Profile
• 16 cities that are either current or anticipated LCA participants
• Most are Urban or Suburban communities; the remainder are Urban Center (3) or Rural Center (1)
Additional step to pre-qualify for racial equity priority

In addition to the data informed determination, projects addressing racial disparities in homeownership would also have to:

• Meet a minimum score for efforts to target populations with significantly lower rates of homeownership than white households
How should we evaluate projects considering the two, somewhat mutually exclusive, pilot priorities?

- Meets geographic choice eligibility criteria (Pass/Fail)
- Meets racial equity eligibility criteria (Pass/Fail)
- Efforts to target populations with significantly lower rates of homeownership than white households
- Unique local needs, depth of affordability, length of affordability

This would be the same criteria for which a minimum score was needed to pass the racial equity eligibility criteria.
Program design: Funding options

Potential funding sources:

• LHIA base budget (some portion of $1.5M)
• LCA interest earnings
• Council special initiative
Program design: Funding options

Potential funding amount:

- Estimated average award per unit: $100,000
- Goal for 2022 awards: 20 homes
- Recommended funding amount for 2022: $2M
Questions for the Committee

- Are the threshold factors that determine which cities are “pre-qualified” on target?
- Does the proposed scoring framework accurately capture the intent of the pilot?
- Is there feedback or direction with respect to the pilot funding options?
- What haven’t we considered?
Next Steps

• Staff will return in November/December with:
  • Any changes to proposed eligibility requirements
  • Any changes to proposed scoring framework
  • Specific scoring criteria for consideration
  • Updated recommendations on funding availability

• Goal is to have pilot program ready for approval in early 2022 as a part of the greater LCA Fund Distribution Plan process
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